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TELEGRAM

April 09, 2002

To: SECSTATE WASHDC - ROUTINE
Action: WHA
From: AMEMBASSY CARACAS (CARACAS 928 - ROUTINE)
TAGS: ECON, EFIN, PREL, VR
Captions: SENSITIVE, SENSITIVE
Subject: VENEZUELA'S APRIL 9 WORK STOPPAGE, T MINUS 12 HOURS -
ECONOMIC CONSIDERATIONS
Ref: None

SENSITIVE BUT UNCLASSIFIED, PLEASE HANDLE ACCORDINGLY.

Summary

1. (SBU) Government ministries have instructed their employees to report for work on April 9th under penalty of dismissal. Banking Association has not taken an official position, but [redacted] most banks will close due to the absence of unionized employees and security concerns. La Electricidad de Caracas (EDC), the sole supplier of power to the Caracas area, has sufficient fuel reserves for its thermal generation units to last 5-6 days. If fuel supplies are not regularly replenished, the city's power supply will have to be provided by the government-controlled Guri hydroelectric power facility.
End Summary.

Be there...or else

2. (SBU) [redacted] despite the expected disruption of public transportation on April 9th, all employees have been told in no uncertain terms to report for work tomorrow, or they will face immediate dismissal. Employees are making carpool and alternative arrangements to meet this management demand. There is anxiety over what how feasible this mandate will be if the announced 24-hour work stoppage transforms into a general strike of undetermined duration.

What is the capacity of an ATM

3. (SBU) [redacted] is not taking an official position on the work stoppage, unlike their support of the December 10th work action. Sra. [redacted] although banks would attempt to open, most would be unable due to the expected participation of the heavily unionized - and pro CTV - work force. Another complicating factor is the expectation that most private security firms - another union stronghold - will not be able to provide essential protective services. ATM machines are being restocked, but if they are the only source of funds in this heavily cash dependent economy, it is expected they will be exhausted in short order.

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UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: JOHN L MILLS
DATE/CASE ID: 06 JUN 2006 200304421

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Caracas' electricity supply assured...for now

4. (SBU)

should be able to guarantee the city's power supply in all but the most serious scenarios. Two of their three power generating stations are connected by gas transmission lines that supply energy for roughly half their generation capacity. The balance of their generation output relies on delivery of number 6 fuel oil that is delivered by marine tankers to their Tacoa coastal generation plant. EDC currently has a 5-8 day supply of fuel oil in their bunkers and the company is expecting a PDVSA tanker within the next four days.

5. (SBU) However, in the event the work stoppage could delay this tanker delivery, EDC is attempting to line up a back-up tanker delivery from a non-Venezuelan supplier. The delivery of a non-PDVSA oil shipment would require a waiver from the Ministry of Energy and Mines (MEM). At an

refused to sign the prepared waiver. [redacted] sufficient time remained. Owing to the shipping time involved with a back-up tanker delivery and the relatively limited supply on hand, [redacted] was not thrilled with the decision. [redacted] MEM does not want the public relations fallout that would result from disclosure of the need to import fuel oil.

6. (SBU) If EDC's fuel oil reserves were depleted, the company could draw additional power from the state-owned Guri hydroelectric complex located in eastern Venezuela. Any draw, however, would force EDELCA, the state power

company that operates Guri, to choose between the energy needs of Caracas and the large state-owned industrial complex (steel, aluminum, nickel) located in Puerto Ordaz. Established government energy policy dictates that the energy needs of Venezuela's urban areas receive priority.

Comment

7. (SBU) The economic impact of a short-term work stoppage appears manageable. However, due to the unique presence of the state-owned oil company at the center of the conflict, the economic interrelationships are complex and difficult to forecast. A long-lasting stoppage - or transformation into a comprehensive general strike - would seriously expand and deepen economic damage to an economy already approaching recession. End Comment.

SHAPIRO

Additional Addressees:
None

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TED1982
ACTION WHA-00

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